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UNITED STATES DISTRICT COURT  
DISTRICT OF OREGON

IVEY EASTWOOD,

Plaintiff,

v.

AMERICAN FAMILY MUTUAL  
INSURANCE COMPANY, aka AMERICAN  
FAMILY INSURANCE GROUP,

Defendant.

Civil No.: CV-05-1579-HA

**DECLARATION OF KEN SLACK**

I, Ken Slack, do hereby state as follows.

1. I make this Declaration based on personal knowledge and am competent to testify to the matters herein.

2. I am Corporate Legal Counsel at American Family Mutual Insurance Company. I have been with American Family since approximately 1981. My office is in Madison, Wisconsin.

3. Within the American Family Legal Department, we have a procedure that requires that any of the American Family regions are to report to my office if a lawsuit

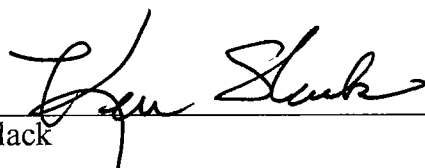
against an American Family insured is being defended and either the claimant or the American Family insured has asserted that American Family could be liable for extra-contractual damages in excess of the insured's policy limits based on deficient claim handling.

4. When American Family was insured for such E&O risks with other insurance companies, part of my job responsibilities involved communicating those types of asserted claims to the outside insurance companies. When American Family became self-insured for such risks (*see* accompanying Declaration of Bob Ness), we retained the practice of having those types of extra-contractual bad faith threats reported to my office simply so that we may be aware of and track the threatened litigation that existed. However, I was no longer required to evaluate or analyze any potential extra-contractual bad faith exposure in those cases, unless specifically requested to do so by the regional counsel.

5. My records reflect that I did receive some notification on or about December 27, 2004 from Brian Hunt of our in-house legal department in Oregon regarding threats of bad faith extra-contractual exposure arising out of a case that was being defended by one of our retained outside counsel and was being overseen by Mr. Hunt. When my office received that notification, we treated it consistently with our in-house legal procedure. I had no involvement whatsoever in any decision making related to the defense or negotiation of the underlying case.

I HEREBY DECLARE THAT THE ABOVE STATEMENT IS TRUE TO THE BEST OF MY KNOWLEDGE AND BELIEF, THAT I UNDERSTAND IT IS MADE FOR USE AS EVIDENCE IN COURT, AND IS SUBJECT TO PENALTY FOR PERJURY.

DATED this 14<sup>th</sup> day of December, 2006.

  
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Ken Slack

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